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## European Union

### Trade Policy Monitoring

## European Commission proposes banana import quota for new member states

## 2004

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**Report Highlights:**

On April 16th, the EU's Management Committee for Bananas agreed on granting an additional banana import quota of 300,000 MT for the ten new member states.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2]  
[E2]

### European Commission proposes banana import quota for new member states

On April 16<sup>th</sup>, the EU's Management Committee for Bananas agreed on granting an additional banana import quota of 300,000 MT for the ten new member states. The additional quota is fixed on a transitional basis and will apply from May to December 2004. The current complex quota system will apply to the new additional quantities. No later than January 1, 2006, the EU will move to a tariff-only system but during the transitional phase, bananas are imported into the EU through import licenses on the basis of past trade whereby "traditional" importers get 83% of the quota and 17% of the quota goes to "non-traditional" importers. The distinction between the two categories is made on the basis of trade flows over a given reference period (2000-2002 for the new quota).

Since January 1, 2002, the following tariff quotas apply:

- Quota A: 2,200,000 MT at a tariff of EUR 75/MT (0 for ACP bananas)
- Quota B: 453,000 MT at a tariff of EUR 75/MT (0 for ACP bananas)
- Quota C: 750,000 MT at a tariff of EUR 0/MT (reserved for ACP bananas)
- New quota: 300,000 MT at a tariff of EUR 75/MT (0 for ACP bananas)

Quotas A and B are open to bananas from any origin, the C quota is reserved for ACP countries. Banana imports outside the quotas are subject to a customs duty of EUR 680/MT; ACP countries benefit from a tariff preference of EUR 300/MT.

The Commission stresses that the new quotas are temporary and should in no way prejudice the outcome of upcoming negotiations in the context of Article XXIV.6 of the WTO Agreement on Agriculture. Under this Article, the EU must offer compensation to exporters whose markets are adversely affected by the accession of an importing country to a trading bloc with higher protection levels.

The ten new member states mainly import bananas from Central and South America. Prices in the acceding countries may go up when the new EU import tariff, which is much higher than their own current tariff, becomes applicable on May 1, 2004.

<b>Banana Imports into the 10 Acceding Countries, October 2002 – September 2003</b>	
<b>Main Origins</b>	<b>Metric Tons</b>
Ecuador	300 087
Colombia	137 654
Panama	82 628
Costa Rica	77 351
Honduras	10 828
Cameroon	6 616
Ivory Coast	6 242

Source: Eurostat

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